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PRIORITIES FOR PEOPLE III

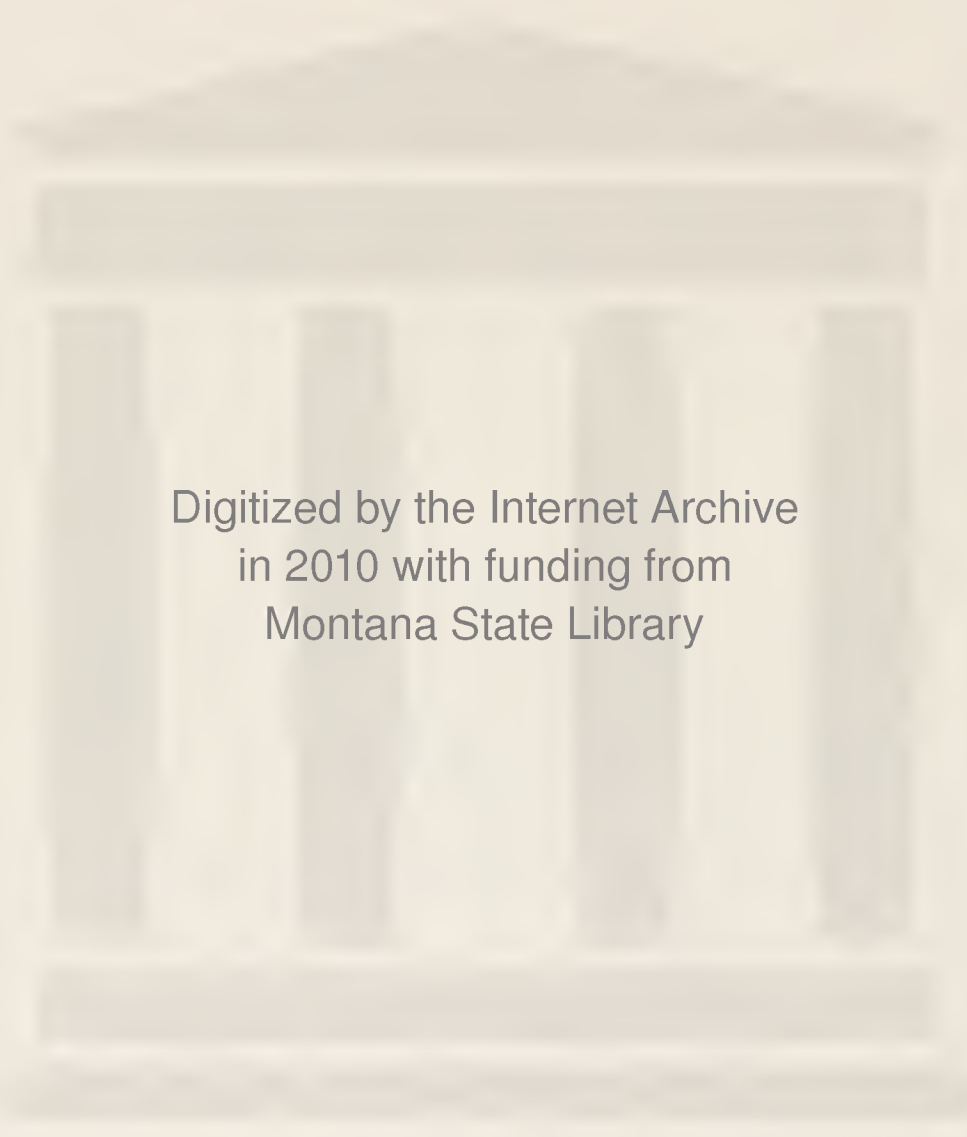
FINAL REPORT

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PRIORITIES FOR PEOPLE III
EXECUTIVE SUMMARY

INTRODUCTION

Responding to Governor Ted Schwinden's challenge to develop recommendations on the funding and service priorities within the human service programs, Priorities for People III submitted to the Governor on September 13, 1988, a list of 11 increase priorities and 11 reduction proposals. These 22 proposals were an integral part of a total of 60 initiatives and 25 resolutions the group had considered and passed.

A desire on the part of Governor Schwinden and human service department directors to involve human service clients and providers in the budgetary process resulted in the creation of the Priorities for People program. Two other Priorities for People cycles have been successfully completed, the first in 1984 and the second in 1986. In 1987, Montana was recognized by the American Public Welfare Association for its innovation in establishing and successfully completing the Priorities for People process.

The third cycle of Priorities for People differed from its predecessors in several important ways. First, the scope was expanded to include human service programs in five departments instead of just the Department of Social and Rehabilitation Services. The five departments include: Institutions, Family Services, Labor and Industry, Health and Environmental Sciences and Social and Rehabilitation Services.

Second, the Governor asked Priorities for People III to develop its recommendations within the following guidelines:

1. Annual reductions in programs equal to 5% of the total FY 88 General Fund appropriations; and
2. annual increases equal to 5% of the total FY 88 General Fund appropriations for all PFP programs.

The total FY 88 General Fund appropriations for all "PFP programs" in the five departments was \$145,530,690: five percent of these appropriations is \$7,276,535. This means that the 5% amount for a biennium would be \$14,553,070.

Obviously, the 5% guidelines maintained a high profile throughout the group's deliberation. However, the members' prevailing sentiment was that the activity of identifying needs was separate and distinct from the activity of prioritization of those needs. They, in fact, felt a strong obligation to their constituency to identify, define, and express all unmet needs. The group was instructed not to consider cost-of-living and case-load growth as part of its process, and it did not.

STRUCTURE OF THE PROCESS

The basic working structure of Priorities for People remained the same as in earlier years. Five working teams, composed of a diverse group of human service advocates, considered various initiatives and resolutions.

The teams were concerned with five specific areas:

1. Disabilities
2. Medicaid and Health Services
3. Economically Needy
4. Seniors
5. Children and Youth

Initiatives were defined as recommendations that carried a direct fiscal impact. Resolutions were defined as recommendations that did not have a direct, immediate fiscal impact. Each team adopted specific initiatives and resolutions and forwarded them to the entire group for further debate, modification, and a final vote. All decision-making was by consensus, meaning that the entire group must be able to live with or support the initiative or resolution.

PHILOSOPHY AND GOALS

Early in the process, the Priorities for People Task Force agreed on general goals to direct the group's discussion and debate:

- ♦ maximize federal funding but remain aware of a diminishing supply of state matching dollars.
- ♦ contribute to the maintenance of a cost-efficient, cost-effective system.
- ♦ consider federal requirements on human services programs.
- ♦ encourage consolidation and integration of services.
- ♦ consider funding inequities and impact on access to care.
- ♦ preserve an ever-fragile human services infrastructure.

The eleven priority initiatives to increase funding (increase initiatives) that evolved as the group's top priorities reflected the major values, philosophies and attitudes developed early in the process. Those attitudes were the primary concerns of all the teams and were voiced repeatedly throughout nearly six months of bi-weekly deliberations. They included:

- ♦ continuation of needed services.
- ♦ deinstitutionalization.
- ♦ quality community-based services.
- ♦ a desire to give individuals every opportunity to remain in their homes as self-sufficient and independent human beings.
- ♦ the ability to provide a continuum of care.
- ♦ humane treatment and dignity for recipients.

These were the underlying interests in the formation of specific policies and, later on, priorities.

FINAL RECOMMENDATIONS

The struggle to maintain a delicate balance between these sometimes conflicting goals resulted in 60 increase initiatives and 11 reduction initiatives. Since all these initiatives were viewed as important in terms of meeting the needs of human service providers and recipients, the struggle became more painful still when the group began its prioritization process. The 11 priority increase initiatives chosen by the group are listed below.

PFP Priority Increase Initiatives
Listed alphabetically and in NO RANK ORDER
All Amounts are for the Biennium

PROGRAM	GENERAL FUND DOLLARS
✓ Deinstitutionalization of Montana Juvenile Correctional Facilities	\$1,750,000
Early Intervention Services for Children With a Developmental Delay	587,660
Increase Amount of Pharmacy Dispensing Fee	300,000
Increase E.T. Staff in State-Assumed Counties	213,000
✓ Increase General Assistance Payment Levels to 55% of Poverty	2,400,000
Infant Mortality Reduction Initiative	1,500,000
In-Home Services for Elderly	500,000
Montana Family Planning	420,000
✓ Raise AFDC Payment Level to 55% of Poverty	1,500,000
Replace Workers' Compensation Dollars with General Fund	800,000
Support Services for Foster Children and Youth	153,000
TOTAL	\$10,123,660

Four of these top eleven initiatives will bring \$6,392,000 into the state from the federal government over the biennium.

Reallocation Initiatives

Five increase initiatives were not chosen as part of the final priority package but should be noted. They were formulated by two of the teams as a response to the Governor's challenge to be innovative in their approach to the budgeting process. These five initiatives were called reallocation initiatives by the group.

The initiative sponsors attempted to achieve more cost-efficient, client-oriented services by changing the organization and administration of human service delivery programs to achieve savings in future years. These initiatives generally used current level funds, in some cases supplemented by additional General Fund dollars, and in some cases leveraging substantial amounts of federal dollars. The sponsors believed this reorganization would ultimately improve service delivery and increase service to recipients. Examples of these initiatives are:

- 1) Encouraging the deinstitutionalization of the mentally ill.
- 2) Providing in-state services instead of out-of-state youth placements.
- 3) Unified supported employment/extended services.
- 4) Medicaid funding of case management for the mentally ill.
- 5) An initiative dealing with residential Medicaid and rate equity.

In these proposals, \$5,535,859 is reallocated and an additional \$1,490,378 is requested from the General Fund. However, these proposals bring into the state \$4,481,461 in matching funds from the federal government.

PFP Priority Decrease Initiatives
Listed alphabetically and in NO RANK ORDER
All Amounts are for the Biennium

An examination of decrease proposals elicited an exercise similar to the one used on considering increase initiatives. The major concern at all times was the impact on the client. The group was averse to wholesale elimination of services or eligibility groups. They instead favored finding more economical ways of meeting a legitimate need. There was also an awareness that a major cut in the Medicaid program would mean a major loss of federal funds and possible cost-shifting to local government entities.

The following decrease initiatives were deemed acceptable by Priorities for People III:

PROGRAM	GENERAL FUND SAVINGS
Additional Control over Emergency Room Visits	(45,000)
Child Support Incentive Funds	(1,300,000)
Consolidation of State Level Food Warehousing and Transportation	(322,400)
Continue 10% Reduction for Drugs Priced at AWP	(227,625)
Co-Payment on State Medical Services	(168,168)
Cost Containment in Oxygen Services	(84,000)
Cost Savings through Volume Purchasing of Eyeglasses	(136,896)
Food Stamp/Project Work Reimbursement	(1,300,000)
Hearing Aid Cost Containment	(49,790)
Reductions in Dental Services	(238,554)
Reimbursement of Medicaid for Personal Care Facilities	<u>(133,332)</u>
TOTAL	\$(4,013,765)

Several other decrease initiatives were considered and rejected by PFP III. Among those were proposals for a state medical preferred provider organization, elimination of psychologist and social worker services from Medicaid, and elimination of the Medically Needy Program. The task force

considered imposing a two-month per year General Assistance eligibility limit on employable recipients, recommending a reduction of the service cap for occupational, physical and speech therapies, and closing Mountain View School for Girls.

Revenue Enhancements

Finally, Priorities for People III recognized that its task would not be complete if the group did not recommend revenue increases. PFP identified and recommended new revenue sources sufficient to fund all PFP initiatives, increase funding for other important programs, and increase equity within the tax system by expanding the tax base. PFP called for the adoption of four new sources of revenue:

1. Limiting the federal income tax exemption to \$6,000.
2. Eliminating the carry back, and limiting to three years the carry forward of business losses.
3. Eliminating the corporate deduction of income earned on investments in the corporation's own subsidiaries, or in other U.S. corporations.
4. Establishing an alternative minimum tax.

All four proposals were included in the Governor's 1987 tax proposal. Together, they would raise approximately \$28,000,000.

As Priorities for People III adjourned, it did so with a sense of accomplishment, but also with a sense that the job was far from finished. It had wrestled with unmet needs, with reductions in services, with creative approaches to using current level funds and leveraging federal dollars, and with possible revenue enhancements. Consensus had been reached, a new and stronger understanding achieved, and priorities had been set. A pledge of solidarity was made for continued cooperation, interaction, and promotion of the human service programs.

DESCRIPTION OF PFP III
INCREASE INITIATIVES
BY CATEGORY

♦ Denotes priority initiative.

PREVENTION AND EARLY INTERVENTION

♦ Early Intervention Services for DD Children. \$587,660

One hundred handicapped infants and toddlers ages 0-2 and infants at risk of developmental delay would be provided services. Montana's commitment to early intervention would strengthen the state's ability to continue participation in the federal Part H of the Education of the Handicapped Act.

Funding for Local Ombudsman Services. \$65,112

The 1987 Reauthorization of the Older Americans Act increased the minimum program requirements for ombudsman services. The Act now requires more extensive training and complaint investigation by local ombudsmen. This will necessitate increased funds for training, travel, and pay for local ombudsmen.

♦ Infant Mortality Reduction. \$1,500,000

Sixteen sites throughout the state of Montana would be established for the purpose of providing comprehensive prenatal services. Twenty-five hundred women and 2,500 infants would be served at these sites.

Increased Funding for Domestic Violence Programs \$990,000

The funding of this proposal would help to insure the stabilization of current services to battered persons and extend services beyond urban areas. No more than 5% of these funds would be used for administration.

Intensive In-Home Parenting Training/Intervention. \$244,000

Two additional caseworkers per region would be available to homes with "at risk" children and adolescents. The intention is to provide assistance to lower the risk that children will need to be removed from the home.

Medicaid Coverage for Pregnant Women/Children \$738,000

This initiative would provide needed prenatal and post-partum services to a high risk, low income (100% of poverty level) population. An additional 1,400 women and children would receive Medicaid benefits.

- ♦ Montana Family Planning. \$420,000
An additional 2,250 low and marginal income women would receive family planning and reproductive health care under the terms of this initiative.

Montana Medical Genetics Program. \$120,000
This initiative seeks to increase funding for the Montana Medical Genetics program and to make the health insurance fee a permanent source of funding.

COMMUNITY-BASED SERVICES/LEAST RESTRICTIVE ENVIRONMENT

Chemical Dependency Adolescent Halfway House. \$278,052
Chemically dependent adolescents between the ages of 12-18 years, who have successfully completed inpatient treatment, presently do not have access to an extended support system between treatment and re-entry into society. Thirty-two adolescents a year would benefit from an adolescent half-way house.

Chemical Dependency Indigent Adolescent Bed Days. \$341,947
The purpose of this initiative is to provide services for indigent adolescents seeking treatment for chemical dependency. State-approved inpatient treatment facilities would provide six additional beds for this population.

Contracting Youth Courts for Aftercare Services. \$148,500
Commitments to state juvenile correction facilities have doubled in the past five years while aftercare workers have declined by approximately two-thirds. Under this proposal, the Department of Family Services would contract with youth courts to provide aftercare services to a youth released from a juvenile facility.

Day Care/Preschool Licensing/Registration/Enforcement. \$265,000
Five FTE's would be created to coordinate and enforce day care and preschool licensing and registration.

Day Treatment for Seriously Emotionally Disturbed Youth. \$116,025
Youths who are moderately to severely emotionally disturbed are sometimes institutionalized unnecessarily. This proposal would allow establishment of two adolescent day treatment programs to serve 20 individuals.

- ♦ Deinstitutionalization of Montana Juvenile Correctional Facilities. \$1,750,000
Beginning July 1, 1989, a three-year phase-in period would begin for the permanent reduction of the state juvenile correctional institutions. Appropriate levels of community-based care would be developed to service 250-300 youths a year.

Dually Diagnosed Chronic Emotionally Disturbed Children. \$444,000

Children and adolescents in this category have undergone an intensive treatment program but continue to need closely monitored and highly structured long-term care. This initiative would provide placement for eight such children.

Increase of 5% Aging Services Funds. \$65,112

This would provide additional funding to the Aging Services Network to enhance existing services.

◆ In-Home Services for Senior Citizens. \$500,000

Montana's elderly population who are in need of home health care services such as homemaker, home chore, home health aide, home delivered meals, health screening, medical transportation, personal care, skilled nursing, medical alert, and other services would benefit from this initiative.

Long-Term Mental Health Group Homes. \$800,000

Long-term patients at Montana State Hospital who are eligible for community placement need a more structured long-term environment than is currently available in the community programs. This initiative would allow 32 patients to be moved into a less restrictive and more natural environment with the opportunity to interact with and become a part of the local community.

Permanence for Non-4E Eligible Youth. \$180,000

This would enable children who are not 4E eligible to become members of permanent homes instead of remaining in the foster care system.

Services for Special Education Graduates. \$1,478,041

Providers for a variety of group home, day program, and individual job placement services would be made available to serve 85 young adults with developmental disabilities. More than 790 Montanans with developmental disabilities need services that are currently not sufficient.

Statewide MAPF Training for Foster Parents, Adoptive Parents and Agency. \$50,000

The program goal is to educate foster parents and adoptive parents about the physical, emotional and psychological needs of youth entering into foster and adoptive homes and to provide support by pairing the experienced with the inexperienced.

◆ Support Services for Foster Children and Youth. \$153,000

Additional dollars would be provided for clothing, special need respite, damage allowance, dietary support and therapy time.

Supported Life-Specialized Care for DD Persons
Graduating from High Schools.

\$650,000

Of the 382 developmentally disabled on the waiting list for residential services, 50 would be served under this initiative. By providing a service that could support people residentially in a flexible manner, maximization of program dollars would be realized.

Women's Halfway House/Chemical Dependency.

\$191,040

There has not been a women's half-way house in Montana since 1982. This measure would provide a continuum of care for chemically dependent women.

SELF-SUFFICIENCY/INDEPENDENCE

Child Care Assistance Expansion - New Horizons.

\$918,000

This initiative recommends that federal incentive funds granted to Montana for enforcement of child support payments be used to subsidize up to six months of child care for AFDC recipients, thus allowing them to stabilize their income and expenses following employment.

Montana Advisory Council on Child Care.

\$15,000

This council would be charged with studying the current child care delivery system, development of a long-range plan and making recommendations to legislative and administrative branches of government.

♦ Replace Workers' Compensation Dollars with General Fund. \$1,200,000

With the 1987 Workers' Compensation law change, the number of certified Workers' Compensation referrals to the Rehabilitative Services Division has declined and decreased state money available for federal match. This decline will impact the RSD/VSD program by approximately 35-38%. Without adequate state general fund to match federal money available (80/20 ratio), the entire program is significantly affected.

Training Expansion-General Relief Recipients.

\$1,300,000

This program would allow federal food stamp reimbursement dollars, which are currently reverted to the general fund, to fund the Project Work Programs in the 12 state-administered counties. This would allow expansion of training and services to meet employability needs of General Relief recipients enrolled in this program.

Vocational Rehabilitation Case Services.

\$500,000

The Vocational Rehabilitation and Visual Services programs would provide additional case services under this initiative. Ten field office staff would be hired to provide counseling and case management to persons unemployed because of a disability. Ten thousand current and new clients would be served.

Work/Family Connections Project to Increase
Pool of Qualified Child Care Providers

\$70,000

This pilot project would allow for a grantee to apply for funding to develop and operate a service to provide for the recruitment, training, and retention of quality child care providers in one geographic location.

RECIPIENT ELIGIBILITY/GRANTS

Establish a \$500 General Resource Limit for General
Assistance in State-Assumed Counties

\$ Small

At present, General Assistance recipients are able to exclude only a car worth no more than \$1,500, the house in which they reside, tools of a trade, and essential household personal items. The \$500 general resource exclusion would benefit both clients and agency staff.

◆ Increase Eligibility Staff in State-Administered Counties. \$213,000

The addition of ten FTE's would provide better services to recipients and provide manageable case loads for front line workers.

◆ Increase General Assistance Payment Level to 55%
of Poverty. \$2,400,000

The current payment levels, which are tied to AFDC payment levels, have been frozen since 1982 and are presently about 45% of the poverty level. The outlined increase would enable approximately 2,000 persons to live at a basic subsistence level.

Meeting Low-Income Energy Needs with Oil Overcharge Funds. \$1,350,000

75% of all oil overcharge funds would be earmarked for low income programs. By targeting these funds to the weatherization and Low Income Energy Assistance programs, the net result would be to reduce household energy costs and help meet those costs for low income (125% of poverty) households.

Montana Legal Services Association Funding. \$200,000

This proposal would increase access to disability benefits and Medicare. It would help spouses and children remove themselves from abusive situations, enhancing self-sufficiency and reducing dependence on state-funded assistance programs.

◆ Raise AFDC Payment Level to 55% of Poverty. \$1,500,000

Affecting approximately 9,000 families, the increase would enable those families to live at a basic subsistence level. The payment level has been frozen since 1982 and is currently at 46.2%

PROVIDER SUPPORT/REIMBURSEMENT INEQUITIES

Commodity Food Distribution Support. \$180,000

Additional funds for the distribution of commodities to approximately 70,000 persons a month would provide for better, more regular distribution and greater service to rural areas, while freeing resources for other community needs.

Coverage of Advanced Life Support/Air Ambulance Services. \$300,000

Currently, Montana Medicaid does not cover advanced life support services or air ambulance services. The adoption of these services would offer recipients access to critically needed care without further jeopardizing their medical condition.

Direct Care Salary Enhancements for DD Service Providers. \$1,109,134

This initiative would provide sufficient resources to gradually increase the wages of qualified direct care staff who work in community-based services. Most have gone 2-3 years without a raise and many are paid at or near the minimum wage with few benefits provided.

Establish Chemical Dependency Counseling Services at Montana State Hospital. \$96,084

Mentally ill persons who are also chemically dependent would receive coordinated treatment of both disorders.

♦ Increase Amount of Pharmacy Dispensing Fee. \$300,000

Because some pharmacies have withdrawn from the Medicaid program and more are threatening to do so in response to reductions in amounts they are reimbursed, this initiative would allow an increase in the amount of the maximum allowable dispensing fee.

Rate Increase for Physically Disabled EAD/Medicaid Waiver Services. \$28,518

Twenty adults who otherwise would have little alternative but to live in nursing homes would receive group-home and day services. Those 20 would include individuals with head injuries, cerebral palsy, and stroke.

DESCRIPTION OF PFP III
REALLOCATIONS

Deinstitutionalization of the Mentally Ill.

\$467,000 Reallocated Funds, \$295,528 General Funds.

Intensive community-based services would allow mentally ill persons to live successfully in the least restrictive and most natural setting possible.

In-State Services for Out-of-State Youth Placements.

\$662,475 Reallocated Funds, \$60,225 General Funds.

Twenty difficult-to-serve youth with 1) developmental disabilities and long-term mental illness; 2) emotional disorder; 3) challenging behaviors; and who receive services out of state would be returned and treated closer to home.

Medicaid Funding of Case Management for the Mentally Ill.

\$1,008,000 Reallocated Funds, \$0 General Funds.

Rule changes and/or legislation would be enacted to make case management for adults with severe/disabling mental illness a service covered by Montana's Medicaid program. General funds currently used by the Department of Institutions would be used as Medicaid match.

Residential Medicaid and Rate Equity Initiative.

\$1,952,184 in Reallocated Funds.

Emotionally disturbed children and adolescents who need residential care would benefit if Department of Family Services funds could be used to leverage federal Medicaid funds.

Unified Supported Employment/Extended Services.

\$1,446,000 Reallocated Funds, \$1,134,625 General Funds.

Persons with severe disabilities, who could work if some basic ongoing support were available through supported employment/extended services, would benefit from this program.

DESCRIPTION OF PFP III
DECREASE INITIATIVES

Additional Controls on Emergency Room Visits. (\$45,000)

With the addition of one FTE, increase utilization review and reimbursement of only services that are emergency/medically necessary would be possible.

Child Support Incentive Funds. (\$1,300,000)

The Department of Revenue receives an incentive award from the federal government based on the amount of AFDC-related child support collections each year. These dollars are not allocated for any services in any budget and represent a savings to the General Fund.

Consolidation of Food Warehousing. (\$322,400)

The Department of Social and Rehabilitation Services would coordinate and deliver all USDA commodities available to the state. This would eliminate the duplication that now exists between the Department of Public Instruction and SRS.

Co-Payment on State Medical Services. (\$168,168)

As in the case with the state Medicaid program, a nominal fee would be charged to the recipient as a cost sharing of the medical services.

Continue 10% Reduction for Drugs Priced at AWP. (\$227,626)

This would involve continuing the 10% reduction for drugs priced at AWP and adjusting the percentage based on a currently survey of the top 50 AWP non-multisource drugs.

Cost Containment in Oxygen Services. (\$84,000)

This initiative would ensure that oxygen services are being delivered in the most cost effective manner and that Medicaid is paying the lowest price in a competitive market.

Food Stamp/Project Work Federal Reimbursement. (\$1,300,000)

Approximately \$650,000 annually from the USDA Food Stamp Program is received each year by the Departments of Labor and Industry and Social and Rehabilitation Services for conducting Project Work for food stamp recipients who are also General Assistance recipients. These dollars are reverted to the General Fund, thus representing a savings.

Hearing Aid Cost Containment. (\$49,790)

Prior authorization for hearing aid services under the Medicaid program and a reduction in the dispensing fee would assure that only individuals who have a valid need for hearing aids would receive services.

Reductions in Dental Services.

(\$238,554)

Reductions in the coverage and fees could be accomplished without eliminating essential dental services.

Reimbursement of Medicaid for Personal Care Facilities.

(\$133,332)

Cost of Medicaid would be reduced by approximately one-third for those inappropriately placed in nursing homes.

Volume Purchasing of Eyeglasses.

(\$136,896)

This initiative would effect savings in eyeglass purchases through reduced fees for frames; it would standardize the fees for eyeglasses, possibly allowing some savings in the fee schedule for eyeglasses; and it would change the Administrative Rules of Montana on coverage of eyeglasses to allow for volume purchasing.

PFP III REVENUE ENHANCEMENTS

PFP identified a wide variety of new revenue sources. These would generate significant additional funds to support essential state programs, and will also help create a more equitable distribution of the state tax burden. PFP specifically calls upon the Legislature to adopt four proposals, which would produce combined new revenues of at least \$28,000,000.

The four recommended measures were all included in the Governor's 1987 tax reform proposal. Generally, they involve subjecting to taxation particular kinds of income which currently receive special exemptions. For example, Montana is one of only a handful of states which grant a deduction to state taxpayers for the amount of federal income taxes paid, which is by definition a regressive deduction.

By broadening the base of revenue subject to taxation, essential programs may be adequately funded, including but not limited to those endorsed by PFP. Further, broadening the tax base will generate revenue sufficient to fund responsible tax relief for middle income taxpayers who are now least able to benefit from most special exemptions and deductions.

PFP recognizes that a tax exemption is in fact a tax expenditure, just as an appropriation is a budget expenditure. Over the past several sessions, the Montana Legislature has funded millions of dollars of tax expenditures. Tax expenditures and budget expenditures must be subjected to the same tests: Do they serve important social purposes? Do they accomplish these purposes? Do they do so efficiently?

Tax expenditures and budget expenditures must also be compared to one another, something which rarely happens in the legislative process. The tax expenditures which PFP proposes to limit generally benefit the affluent. The affluent are not necessarily undeserving, but are certainly less in need than are the children, the disabled, the elderly, and the poor families who depend upon the basic social services which can only be provided by the state.

PFP proposes the following revenue initiatives:

Initiative	Revenue
Eliminate carrying business losses back, and limit carrying business losses forward to three years.	\$3.2 million in first biennium.
Alternative minimum tax, geared to the federal minimum tax.	\$5 million per year.
Limit the deductibility of federal income taxes to \$6,000.	\$22 million in first year.
Eliminate the corporate tax deduction of investments in a corporation's own subsidiaries, or in another U.S. corporation.	\$1 to 2 million annually.

PFP is aware of a variety of additional revenue sources, which it calls upon the legislature to consider as needed. These sources, and the Department of Revenue's estimates of what would be generated, are as follows: Add back accelerated depreciation deductions to 1981 levels: \$11,000,000 annually. Limit the use of farm losses as a deduction against non-farm income: from \$400,000 to \$5,200,000 annually, depending upon where the limit is set, and upon agricultural conditions.

DESCRIPTION OF PFP III
RESOLUTIONS

PFP opposes Constitutional Referendum 18. The Montana Constitution assures that classes of people will not unreasonably be denied access to state-created assistance and protects all assistance programs from unreasonable legislative or agency action.

PFP strongly supports assuring that General Assistance remains available to all who lack income or resources to care for themselves, and who comply with work, training, and job-search requirements.

PFP calls upon the Department of Social and Rehabilitation Services to modify the Medicaid program to exclude as a resource a home owned by a nursing home patient if the patient intends to return to the home.

PFP urges the current level addition of eleven eligibility technicians to prepare for the increases projected in the Office of Budget and Program Planning budget for 1991.

PFP advocates raising the minimum wage in Montana above the present level of \$3.35 per hour.

PFP opposes replacing General Assistance checks with vouchers in the state-assumed counties except in the first three months of receipt.

PFP calls for a study of the basic health needs of uninsured Montanans, exploring the feasibility of developing a state health program.

PFP opposes expanding the General Assistance "lump sum rule" to preclude those terminated from AFDC from receiving General Assistance in the state-assumed counties.

PFP fully supports the concept of utilizing other health care providers such as nurse practitioners and nurse midwives, to assist in the health care needs of Montana's women, infants, children, and elderly.
PFP recommends comprehensive K-12 health education in Montana schools.

PFP supports the Montana AIDS Coalition in its mission to prevent human and economic loss related to AIDS.

PFP advocates the creating of a task force to assist the Department of Institutions in developing an economic incentive structure for the mental health system to insure that mentally ill persons will be able to live in the least restrictive and most natural setting possible.

PFP asks that the Montana Legislature ensure consistency with national legislation for the prevention of spousal impoverishment when one spouse is institutionalized.

PFP suggests the designation of the area agencies on aging as the focal point within their respective planning and service areas for coordination of services to older persons.

PFP requests the Montana Legislature to maintain current level funding for the Health Planning Bureau.

PFP asks that the Montana Legislature and the Governor of Montana recognize that protective services are a vital part of providing necessary services to those elderly, children, and disabled at risk of harm.

PFP urges coordination and follow-up to PFP recommendations by designating a person or an agency to perform that task.

PFP encourages the creation of a family foster care task force charged with gathering data from other states on the needs of the state of Montana and that those findings be presented for consideration during the next legislative session.

PFP asks for the designation by the Department of Family Services of an FTE who would be a coordinator of services, an advocate, a problem solver and liaison between agency and family foster care issues.

PFP III fully supports and recommends that the Governor take the lead in the field of employer assisted child care by supporting the need to establish a quality child care facility for state employees.

PFP urges all state agencies who have responsibility for youth placed in out-of-home care to develop parent reimbursement policies based on reasonable ability to pay standards. PFP III further urges that those agencies be allowed to retain those reimbursed funds to be used for special projects that benefit children.

PFP III strongly recommends cooperative and coordinated planning efforts between the Departments of Family Services, Institutions, Social and Rehabilitation Services, Labor and Industry, Health and Environmental Sciences, and the Office of Public Instruction.

PFP III recommends a Child and Youth Advocate be appointed and established within the Governor's Office.

PFP TEAM MEMBERS AND STEERING COMMITTEE

Each PFP team consisted of five voting members and two non-voting state employee members who were assigned as resource persons. Each team was assigned a facilitator, who was also a non-voting member, but who was instrumental in insuring a smooth process. Each team chose a steering committee representative to participate in negotiations and planning in the Steering Committee.

Following is a list of PFP III team members and resource people. Steering committee representatives are designed with an "*".

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PRIORITIES FOR PEOPLE III
TEAM REPORTS

ECONOMICALLY NEEDY TEAM

The Economically Needy Team reviewed the cut proposals contained in the 79-page document entitled "Department of Social and Rehabilitation Services, Economic Assistance Division (Cut Proposals)", which was transmitted to Gail Gray and Ben Johns, SRS director and deputy director respectively, by Lee Tickell on February 10, 1988. This was a shopping list of possible cuts which Economic Assistance entered into the 1990-1991 Executive Planning Process to meet the request for reductions equal to 5 percent of the appropriations for 1989. Of the 37 proposals, the team found only 21 acceptable for closer study, rejecting outright such proposals as eliminating the medically needy program and eliminating all optional services. The team was averse to wholesale elimination of services or eligibility groups. The team instead favored finding more economical ways of meeting a legitimate need.

After closer review of the 21 proposals, the team approved the following reductions totalling approximately \$1.3 million:

1. Use preferred providers in state medical.
2. Co-payments in state medical.
3. Limit emergency room visits.
4. Lower limits on OT, PT, and Speech Therapy.
5. Reduce dental services.
6. Hearing aid cost containment.
7. Volume purchasing of eyeglasses.
8. Continue 10 percent reduction on drug ingredient prices.

9. Continue cost containment in oxygen services.

The team also approved a proposal to combine the food commodity distribution programs of SRS and the Office of Public Instruction for a savings of \$322,400. In addition, the team counted as savings to the general fund: 1) federal incentive payments of \$1.3 million to the child support enforcement program for good performance; and 2) reimbursement by the federal food stamps administration of \$1.3 million to Project Work for serving general assistance clients who are also food stamp recipients.

The Economically Needy Team developed and approved 17 initiatives and 8 resolutions. The team won general session approval of all 8 resolutions and 10 of the 17 initiatives. The 10 initiatives represents an increase of approximately \$9 million to the General Fund. As prioritized by the team, the top four of the general session approved initiatives were, in rank order:

1. Increase AFDC payment level to 55 percent of poverty: \$1.5 million.
2. Increase GA payment level to 55 percent of poverty: \$2.4 million.
3. Increase eligibility staff in state administered counties: \$213,000.
4. Increased funding for domestic violence: \$990,000.

The AFDC and GA initiatives are tied together legally: the GA payment level must be the same as the AFDC payment level. These top four initiatives represent an increase to the General Fund of approximately \$5.1 million.

MEDICAID AND HEALTH SERVICES TEAM

The state Medicaid budget, which touches every segment of the PFP coalition, was examined in considerable detail by the Medicaid and Health Services Team. In addition, Department of Health and Chemical Dependency program budgets were reviewed.

The team took seriously the challenge to find areas in which human services budgets might be cut. It became clear, however, that cuts to the Medicaid budget involving the elimination of services or changes in eligibility criteria would have a devastating effect on recipients and in many cases would merely shift costs to other programs. With the help of SRS staff, the team was able to identify and successfully propose to the full PFP group several initiatives which, through minor alterations in service delivery, will represent budget reductions in the Medicaid Program without making services unavailable.

Two themes predominated the Medicaid and Health Service Team's initiatives for budget increases. The first theme was the importance of prevention and early intervention. The team adopted several initiatives to increase funding for genetic counseling, family planning, prenatal care, and health care for newborns. The team strongly advocated services which would prevent development of long term serious disabilities and illnesses.

The second theme was a belief that more attention needs to be paid to the infrastructure of the publicly-financed human services system. To keep high quality health professionals and other providers serving low income clients in Montana, fee structures and reimbursement mechanisms must be fair and efficient. The team proposed initiatives to increase Medicaid fees for certain services and to provide better salaries for staff serving the physically disabled.

DISABILITIES TEAM

The Disabilities Team recognized from the beginning of the PFP process that large amounts of additional dollars for state services were not on the horizon during the coming biennium. In the absence of significant new funding sources, both the Governor and his staff challenged teams to find ways to reduce current expenditures in order to provide resources for needed service expansion. The Disabilities Team took this challenge seriously and developed a package of priority initiatives that emphasized opportunities for resource reallocation.

The work of the Disabilities Team was also guided by several values adopted early in the PFP process. Those values were as follows:

1. Services should be community-based, if possible.
2. Unnecessary out-of-state placements should be eliminated.
3. Early intervention is a high priority.
4. Prevention activities are a high priority.
5. People should be served as close to their home and family as possible.
6. Federal participation in the funding of services should be maximized.
7. The area of personnel preparation and training is important.

The Disabilities Team prioritized its initiatives within its own team.

They are as follows:

<u>Priority</u>	<u>Description</u>
#1	Replace Workers' Compensation dollars with General Fund dollars.
#2	Specialized service and support organization.
#2	Deinstitutionalization of mentally ill.
#3	Direct care salary enhancements for D.D. service providers.
#4	Unified supported employment extended services.
#5	Community treatment incentives.
#6	Medicaid case management for the mentally ill.

<u>Priority</u>	<u>Description</u>
#7	Early intervention services.
#8	Establish chemical dependency counseling services at Montana State Hospital.
#9	Montana Foundation for Disabilities.
#10	In-state services for out-of-state youth placements.
#11	Vocational rehabilitation case services.
#12	Long term mental health group homes.
#13	Services for special education graduates.
#14	Support life--specialized care.

CHILDREN AND YOUTH TEAM

The Children and Youth Team consisted of individuals who have widely-varying interests including foster care, juvenile corrections, residential care and treatment, and child care. These differences reflect the multitude of issues that concern children and youth today, and set the Children and Youth team apart from some other PFP groups that had more homogenous issue agendas and team membership.

The Children and Youth Team discussed 31 resolutions and initiatives. Of those, five were later withdrawn (some to be combined with others) and two received no consensus from the team. The remaining 24 resolutions and initiatives were agreed upon and submitted to the entire PFP group for consideration.

The consensus of the Children and Youth team was that children's issues often are the lowest priorities in the human service delivery system. Many human service programs and program operators receive less than they need to meet the needs of people. But team members felt that programs and program operators for children seem to receive a disproportionately smaller than needed share of funding.

Many of today's children are born into poverty, and do not receive adequate assistance to escape poverty. Providers of services to children -- whether foster parenting, residential care, juvenile corrections or child care -- are receiving less than what is needed to break even. Many keep caring for needy children because of their love and commitment to children, but are finding it more difficult to do as financial support drops.

The Children and Youth Team often expressed frustration with meeting needs in a piecemeal approach, and with their inability to suggest the wholesale changes, in programs and in society's outlook, that are called for. The team was very aware of political realities and limited budgets, but felt that the cost of providing less than adequate service was being paid by Montana's children.

Prioritization of dire needs was a task the team did not relish. How can the needs of foster care be placed over the needs in residential care? Are solutions for juvenile justice more important than providing quality child care? These were questions the team struggled with. They ultimately decided that prioritization across these issues was not possible.

Within major issue groups, however, the team ranked its priorities. They did so reluctantly, and with the hope that Montana's policy-makers and budget-setters would acknowledge that all the needs are critical, without regard to arbitrary rankings.

The priorities are as follows:

Foster care/treatment

- residential Medicaid and rate equity.
- establish day treatment for severely emotionally disturbed adolescents.
- increase bed days for chemically dependent indigent adolescents.
- establish a chemical dependency half-way house.

Family foster care

- increase support services for foster children and youth.
- expand Model Approach to Partnership in Parenting (MAPP) training for foster parents.
- permanence for non-4E eligible youth (to move these youth from foster care to permanent homes).
- intensive in-home intervention (to give increased support, training, and assistance to families where children are at risk).

Juvenile corrections

- deinstitutionalization of Montana juvenile correctional facilities.

Child care (day care)

- day care and preschool licensing/registration enforcement.
- Work/Family Connections project (a pilot project to enhance recruitment, training and retention of quality child care).
- establish a Montana Advisory Council on Child Care.

SENIORS TEAM

The Seniors Team considered a number of initiatives. After carefully reviewing proposals from Legacy Legislature and several other senior citizen groups and providers, the Seniors Team submitted only four initiatives which involved expansion of programs.

The first priority of the Seniors Team was expanding in-home services for older adults. This initiative requested an additional \$500,000 for the biennium.

The second priority was funding the Long Term Care Ombudsman program. The 1987 Reauthorization of the Older Americans Act increased the minimum program requirements for ombudsman services. This initiative seeks an additional \$140,000.

The third priority was the development of personal care facilities funded through the Medicaid Waiver Program. This new community-based service option may result in savings of \$66,666 per year.

The fourth priority for the Seniors Team was a five percent increase in funding for all programs funded through the Aging Services Bureau within the Department of Family Services.